DEPARTMENT OF ENVIRONMENT

COMMERCIAL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

Provincial Auditor Saskatchewan

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103-06600/

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2003 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure/(recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 24, 2003

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31

	2003	2002
ASSETS		
Current Assets:		
Leases receivable (Note 9)	$ 216,973	$ 281,298
Inventories	170,673	175,688
	387,646	456,986
Capital assets (Note 5)	1,368,063	1,170,931
	$ 1,755,709	$ 1,627,917
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	$ 563,633	$ 427,675
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 9)	943,859	1,190,393
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	248,217	9,849
	$ 1,755,709	$ 1,627,917

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)

For the Year Ended March 31

	2003		2002
	Budget	Actual	Actual
Revenues:	(Note 8)		
Camping	$ 3,478,000	$ 3,737,606	$ 3,795,016
Entry	1,745,000	1,831,103	1,871,086
Cottage leases	1,550,000	1,577,993	1,554,071
Resource management leases	650,000	740,646	756,498
Swimming & accommodation	375,000	438,551	438,088
Commercial leases	440,000	419,720	430,285
Other	330,000	406,390	387,744
Gain on disposal of capital assets	0	30,608	1,558
	8,568,000	9,182,617	9,234,346
Expenses:			
Salaries and benefits	9,266,000	9,089,794	9,310,107
Contractual services	2,132,000	2,346,516	2,372,118
Supplies and service	1,310,000	1,267,953	1,290,973
Travel and business	913,000	1,007,722	1,125,094
Amortization	300,000	301,703	255,010
Communication	217,000	193,495	188,012
Bad debt	0	(21,519)	159,877
Bank charges	60,000	66,290	55,956
Maps, manuals, and miscellaneous items	30,000	54,724	40,413
Tools and office supplies	70,000	31,691	23,289
Other	10,000	5,880	7,070
	14,308,000	14,344,249	14,827,919
Loss from operations	(5,740,000)	(5,161,632)	(5,593,573)
Subsidy from General Revenue Fund	5,400,000	5,400,000	5,493,890
Net income (loss) (Note 10)	$ (340,000)	238,368	(99,683)
Accumulated operating surplus/(deficit), beginning of year		9,849	109,532
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ 248,217	$ 9,849

(See accompanying notes to the financial statements)

Statement 3

COMMERCIAL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)
For the Year Ended March 31

	2003	2002
Financing (provided by)/required for operating activities:		
Net (income) loss	$ (238,368)	$ 99,683
Items not affecting working capital		
- amortization	(301,703)	(255,010)
- gain on disposal of capital assets	30,608	1,558
Net (decrease) increase in working capital items related to operations (Note 6)	(205,298)	275,169
Net financing (provided by)/required for operating activities	(714,761)	121,400
Financing (provided by)/required for investing activities:		
Purchase of capital assets	502,489	440,648
Proceeds from sale of capital assets	(34,262)	(3,964)
Net financing required for investing activities	468,227	436,684
Net (decrease) increase in financing requirements	(246,534)	558,084
Accumulated net expenditure, beginning of year	1,190,393	632,309
Accumulated net expenditure, end of year - to Statement 1	$ 943,859	$ 1,190,393

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development and management of provincial parks. The Department of Environment administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirements is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) the net increase (decrease) in financing requirements for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories consist of maps, wildlife manuals, pins, and other miscellaneous items held for resale and are valued at the lower of average cost and net realizable value.

d) Capital Assets

Individual capital assets costing more than $500 are capitalized. Amortization commences in the first year of acquisition and is calculated on the straight-line basis over the useful life of the asset. Annual amortization rates are from 5% to 33% for equipment and 10% for furnishings.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the

Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Accumulated Operating Surplus/(Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or request for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/(deficit) as $350,000.

5. Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 7,112,213	$ 5,819,591	$ 1,292,622	$ 1,106,823
Furniture and Fixtures	368,615	293,174	75,441	64,108
	$ 7,480,828	$ 6,112,765	$ 1,368,063	$ 1,170,931

6. Net Change in Working Capital Items Related to Operations

	2003	2002
(Decrease) in leases receivable	$ (64,325)	$ (5,024)
(Decrease) in inventories	(5,015)	(1,984)
(Increase) Decrease in accounts payable	(135,958)	282,177
	$ (205,298)	$ 275,169

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. These transactions at year end are as follows:

Category	2003	2002
Expenses:		
Contractual service	$ 1,441,357	$ 1,376,107
Travel and business	782,820	809,880
Supplies and service	103,999	82,248
Communication	138	3,673
Tools and office supplies	13,045	4,520
Capital asset purchases	68,382	43,404
Accounts payable	49,590	46,195

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment is responsible for the acquisition of land for provincial parks. Therefore, land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act*, the Revolving Fund is credited with all rents and fees with respect to land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include leases receivable and accounts payable. Due to their immediate or short-term maturity, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable. Most receivables were received subsequent to year end.

10. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2003	2002
Net income (loss)	$ 238,368	$ (99,683)
Decrease in inventory	5,015	1,984
(Increase) in net book value of capital assets	(197,130)	(183,232)
Amounts (included) not included in Public Accounts due to timing	(159,838)	159,838
Net (expenditure)/recovery reported in Public Accounts	$ (113,585)	$ (121,093)

11. Comparative Figures

Certain comparative figures have been restated to conform to the current year's financial statement presentation.